

## Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 PA-01 PRS-01 USIA-06 FEAE-00 INT-05 AGR-05

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R 021345Z JAN 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 1619

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E.O. 11652: N/A

TAGS: ECON, EFIN, AG

SUBJ: NEW BUDGET AND ABRUPT CONSUMER PRICE INCREASES  
FOR ALGERIANS.

REF: ALGIERS 2345

SUMMARY: AS OF JANUARY 1, 1975, GAS AND OIL PRICES  
WERE INCREASED BY ABOUT 65 PERCENT IN ALGERIA. PRICES  
OF OTHER POPULAR CONSUMER ITEMS (WINE, BEER, TOBACCO)  
WERE ALSO RAISED CONSIDERABLY. END SUMMARY.

1. PRESIDENT BOUMEDIENE SIGNED THE 1975 BUDGET LAW  
ON DECEMBER 31, 1974. THE NEW BUDGET AMOUNTS TO 22  
BILLION DINARS, A 54 PERCENT INCREASE OVER THE 1974 BUDGET,  
ACCORDING TO THE LOCAL PRESS. THE MINISTER OF FINANCE WILL  
HOLD A PRESS CONFERENCE ON JANUARY 4 TO GIVE FURTHER  
DETAILS ON THE 1975 BUDGET.

2. THE NEW BUDGET APPARENTLY CONTAINS  
PROVISIONS FOR LARGE PRICE INCREASES IN FOUR CONSUMER  
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ITEM AREAS THAT WILL UNDOUBTEDLY PROVE VERY

UNPOPULAR. WINE, BEER, TOBACCO AND, MOST IMPORTANT, PETROLEUM PRODUCTS. THE PRICE OF A LITTER OF ORDINARY GAS INCREASED 63 PERCENT FROM P.89 DINARS TO 1.39 DINARS AS OF JANUARY 1. SUPER WENT UP 66 PERCENT.

3. THE PRICE INCREASES WERE EXPECTED IN OFFICIAL CIRCLES (REFTEL) BUT NEVERTHELESS CAME AS A SURPRISE TO THE GENERAL PUBLIC. ON JANUARY 1 EL MOUDJAHID (WHOSE PRICE ALSO INCREASED BY 25 PERCENT) PUBLISHED INVENTORY AND STOCK NOTICES REQUIREMENTS FOR THESE FOUR SECTORS IN ORDER TO CONTROL RETAILERS IN THEIR SALES OF OLD STOCKS AT NEW PRICES. NO FORMAL OR PUBLIC ANNOUNCEMENT OF THE PRICE INCREASES HAS BEEN MADE BUT THE GENERAL PUBLIC, PARTICULARLY MOTORISTS WHO HAVE BEEN PAYING THE HIGHER GAS PRICES SINCE EARLY JANUARY, 1 IS AWARE OF THE NEW PRICES. A QUICK SAMPLING OF LOCAL OPINION TODAY SHOWED THE UNANNOUNCED AND SURPRISING PRICES MOVES TO BE HIGHLY UNPOPULAR WITH THE PUBLIC. PRESUMABLY, THE MINISTER OF FINANCE WILL COVER THE PRICE INCREASES IN HIS JANUARY 4 PRESS CONFERENCE.

4. FURTHER PRICE INCREASES ARE EXPECTED, SOME AS A DIRECT RESULT OF TODAY'S ANNOUNCEMENTS (TAXIS, BUS FARES) AND ON OTHER UNRELATED ITEMS AS WELL.  
BARR

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FUEL OIL, NATURAL GAS, GOVERNMENT BUDGET, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
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**Errors:** N/A  
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